

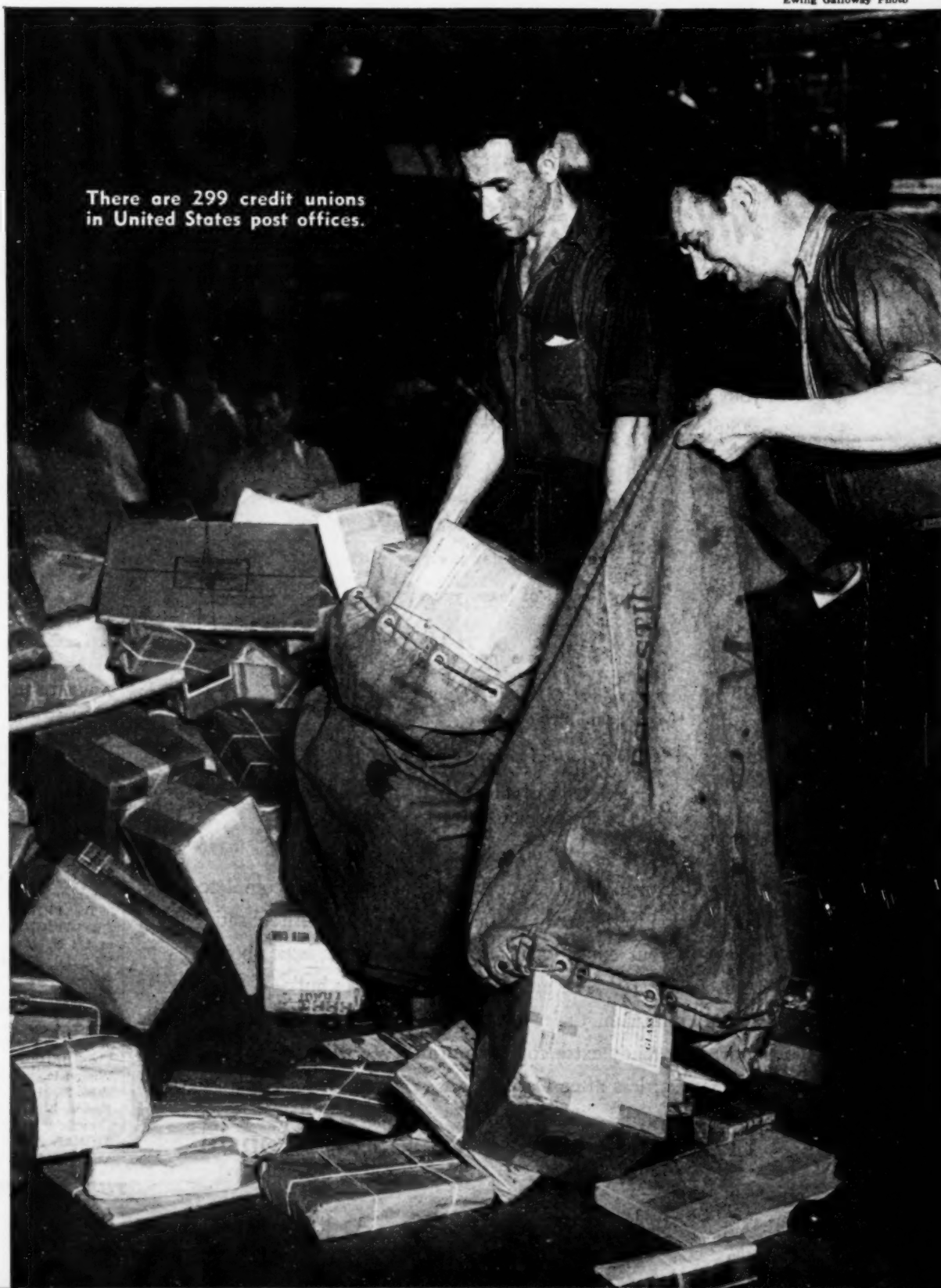
The BRIDGE

The Credit Union Way to Economic Betterment

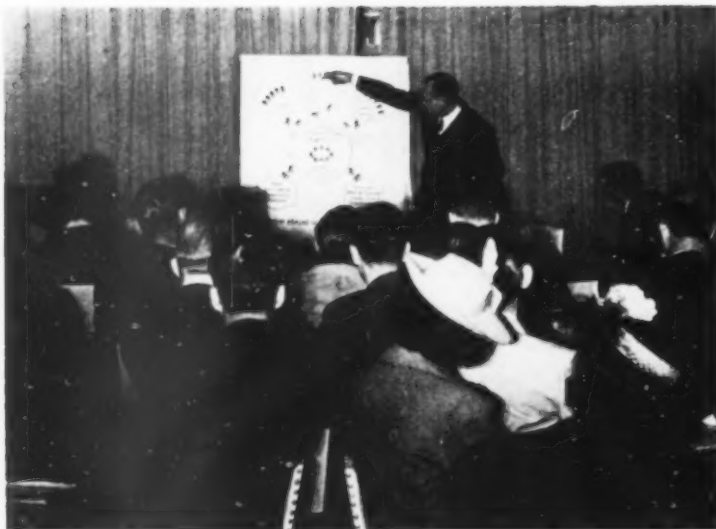
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Official
Publication
of the
CREDIT UNION
NATIONAL
ASSOCIATION
Inc.

There are 299 credit unions
in United States post offices.



DECEMBER, 1942



In time for your annual meeting

AN ISSUE FOR MEMBERS

THE January issue of THE BRIDGE will be turned over completely to articles of special interest to credit union members. You can buy extra copies in bulk to distribute to your members before or at your meeting. Here is a quick sample of the Table of Contents:

How to make the best use of your credit union.

The new income tax law.

What kinds of loans your credit union can make.

Your rights as a member.

How to tell whether your credit union is doing a good job.

The history of credit unions in pictures.

How to help your friends get credit union service.

In other words, this issue will be a simple but complete introduction to the credit union. If you are not entirely satisfied with your educational efforts to date, this issue should be useful to you. The price for extra copies in bulk—5 cents apiece; minimum order—20 copies. Order now, so we'll know how many extra copies to print. We won't be able to fill many orders after December 25.

THE BRIDGE Madison, Wisconsin

THE BRIDGE

official publication of

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SUBSCRIPTIONS—\$1 A YEAR



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THE BRIDGE—December, 1942

THE BRIDGE

A Monthly Magazine Devoted to the Credit Union Movement

Volume 7

DECEMBER, 1942

Number 010

Debts of Soldiers and Sailors

THE original law granting a moratorium on debts of men in the armed services was amended by Congress October 7, 1942. The chief new features to be noted are: the moratorium now applies to any debt contracted prior to joining the service (previously it applied only to debts contracted prior to October 17, 1940); co-makers are now specifically included in the moratorium.

Who is covered by the Act: Men and women serving in the armed forces of the United States, American citizens serving in the forces of any allied nations, their dependents, co-makers, endorsers, etc.

The test: Ability to pay. This is subject to court hearing; if it can be shown in court that the debtor's ability to pay has not been affected by his entering the service, the obligation continues. (Officers more frequently then enlisted men, of course, are able to continue payments, although officers have more expenses in the service than the general public realizes.)

Small loans: Assuming inability to pay, a moratorium is declared on small loans contracted by men in service any time before induction. Further, interest may not be charged on these obligations during the moratorium in

Note: The policy of the Credit Union National Association, voted at the annual meeting in May, 1942, is to recommend liberalism in lending to men liable to draft and waiving of interest charges to men in the armed services. Nothing in the original Relief Act or the new amendments interferes with this policy.

excess of 6 per cent, unless a court finds that the debtor's ability to pay higher interest charges is unaffected by his induction. Interest is construed to include fees, renewal charges, service charges or anything but bona fide insurance.

Co-makers: While co-makers under the terms of the Act are protected by the moratorium, in making a new loan a co-maker may be asked to sign a waiver of his exemption. In such cases, when the maker of the loan enters the service, the co-maker becomes immediately liable. This may occasionally be advisable procedure even for credit unions, although in general credit unions will not wish to collect from co-makers. Nat C. Helman, general counsel for the Credit Union National Association, suggests the following form:

"The undersigned in order to induce the _____ Credit Union to advance a loan of \$_____ to John Doe, hereby waives the provisions of the Soldiers' and Sailors' Civil Relief Act, and any amendments to the Act, insofar as the same affect this loan and the obligations of the undersigned thereto.

Dated: _____

(L.S.)

In the Presence of: _____

"On this _____ day of _____, 194-, before me came _____, to me known and known to me to be the individual described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same."

The waiver must be a separate document, not part of the note application. It should be notarized or witnessed. It does not, of course, apply to the co-maker if he enters military service but is binding as long as he remains a civilian.

Chattel foreclosures: When a loan is secured by chattel mortgage on a car, refrigerator, etc., the security may not be seized and sold for satisfaction of the debt without court permission. If the court decides to grant permission, it may appoint a committee of three disinterested persons to appraise the property and determine the price at which it may be sold. Money realized above the amount of the debt must be returned to the service man. This of course does not prevent a credit union member from turning over a pledge to the credit union if he wishes.

Insurance: Most types of insurance likely to be held by men in service also come under the moratorium—life, endowment, term, benefits in fraternal orders, etc. If premiums of man in service have been paid up within 30 days of passage of amendments, or if premiums are up to date within 30 days of man's induction,

(Continued on page 282)

IMPORTANT BULLETIN

Word has been received that the Federal Deposit Insurance Corporation does not object to a Federal Credit union waiving interest entirely on obligations of borrowers who are in the military service, provided the members of the Federal credit union authorize this action at an annual or special meeting of the members held pursuant to a notice duly given to all members that a vote on such question would be taken in such meeting; providing there are no dissenting votes by members. The question of the number of members necessary to vote

in favor of the proposal is not important if the action is approved as required by the by-laws without dissenting votes. The important requirement is that there be no dissenting votes or objections to the proposal. Thus, a majority vote on the question would be sufficient if there are no dissenting votes.

It is heartily recommended that all Federal credit unions which have loans outstanding to men in the military service should immediately send notice to all their members to the effect that this matter will be voted upon at the next annual meeting.

Keeping the Credit Union Books

By Tom Doig

IN THE November BRIDGE we discussed the beginnings of credit union bookkeeping. We described all the entries necessary in recording the first day's business.

On the second day of this credit union's life a deposit was made in a checking account at the bank in the name of the credit union, checks to be signed by the treasurer and countersigned by either the president or vice president of the credit union. This deposit exactly equaled the amount of the first day's receipts. On this second day additional funds were received, and insofar as bookkeeping records are concerned the receipts were given the same careful attention as those of the first day. On this second day, however, Mr. James L. Smith, who held passbook number 1, applied for a loan of fifty dollars. The treasurer, therefore, brought forth from his supplies a loan application, Cuna Form No. 63-M. The treasurer wrote the name of the credit union on the blank line at the top of the form—filled in the member's account number in the blank space following the words *Book No.* in the upper right hand corner of the form and the date on the next line below. After the words *I hereby apply for a loan of* he filled in the words *Fifty & no/100*, and after *for a period of* he filled in *fifty* and crossed off the word "months" immediately following, to indicate the loan was to be repaid weekly.

Then following *to be repaid in* he crossed off the words *monthly* and *semi-monthly*. Following the words *installments of* he wrote in *one*. On the next blank line below, the prospective borrower indicated the purpose for which he was borrowing the money. Since this loan was for only fifty dollars no co-maker or security was required, and the line following *Names of co-makers* was left blank and also the line following the word *Security*. The loan applicant then signed his name and address on the next blank line above the words *Signature of Applicant*. The application was then returned to the treasurer for transmittal to the credit committee.

The credit committee met that afternoon and after approving the loan noted the date and the amount of the loan on the next line below the signature of the applicant and below that each member of the credit committee signed his name indicating approval of the application. Next the application

was given to the clerk of the credit committee who obtained from the bookkeeping supplies Cuna Binder No. 83, which, among other forms, contained Cuna Form No. 71, a form used to record the minutes of credit committee meetings, and at the top of this page filled in the name of the credit union and on the next line the date. Then under the words *Members of the committee present were* he wrote the names of the three members of the credit committee. In the space provided he indicated the borrower's account number and following that his name and the amount of the loan. He signed the form at the bottom as clerk of the committee, after which he returned the approved loan application to the treasurer.

ON receipt of the approved loan application the treasurer withdrew from his supplies a note form and in the upper left hand corner of the form after the dollar sign inserted the figures 50.00, below that after *Terms* he wrote *Fifty weekly payments of \$1.00 each*, and below that after *Due Date* he inserted the date on which the last payment should be made. In the upper right hand corner after *Book No.* he wrote the number of the borrower's passbook and below that the date. On the next line before the word *months* he wrote *Fifty weeks* and then crossed off *months*. Since there were to be no co-makers on this note he crossed off the word *we* and inserted *I* and following that the name of the borrower. After the words *as principal* he crossed off and drew a line through the following blank space and the words *as co-makers*. Following the word *waiving* he changed *our* to *my* and in the next line crossed off the words *jointly and severally*. After *pay to the* he inserted the name of the credit union, and after *sum of* on the next line he wrote *fifty* and following and he wrote *no*. On the next line after the words *with interest on unpaid balance* he wrote *monthly*, and after *at the rate of* he wrote *one*. On the next line after *payable in* he wrote *fifty* and after *installments of* he wrote *one* and after *and* he wrote *no*. On the next line after *the first payment to be made on* he wrote *May 2, 1936*, and on the next line after *and a like amount every* he wrote *week*. On the next line after the word *Collateral* he drew a

line as there was to be no collateral involved in this case.

Below this there are three paragraphs of fine print. The second of these paragraphs refers to fines. This paragraph he crossed off and initialed, as the Ember Employees Credit Union had decided against any fines for delinquencies.

Next he wrote a check in favor of the borrower in the amount of fifty dollars indicating on the check stub the amount, the name of the borrower, the borrower's passbook number and as description wrote on the check stub *Loan No. 1*. Then he called in the borrower and obtained his signature to the note he had prepared. The borrower signed the note at the bottom following the word *Maker*, and the treasurer signed his name immediately to the left under *Witness*. The note having been completed, he obtained the borrower's passbook, opened it at the first page headed *Loans* and on the first line under the sub-heading in the left hand column he inserted the date and following that under *Loaned* he filled in 50 in the dollar column, drawing a line through the cents column. Next he filled in these same figures under *Balance* in the fourth column from the left. He then initialed the entry in the column to the extreme right on the first line under *Cashier* and returned the passbook to the borrower with the check for fifty dollars.

ON this second day of the credit union's life one member who had deposited six dollars in the share account on the first day of operation expressed a desire to withdraw one dollar. The treasurer produced a withdrawal slip, Cuna Form No. 49, filled in the name of the credit union on the top line and on the next line the date and the member's passbook number. On the next line, after *Name*, the borrower signed his name. Opposite *Shares*, at the extreme right, he filled in 1.00 and these same figures opposite *Total* at the bottom of the withdrawal slip, which serves as a disbursement voucher. He returned the withdrawal slip to the treasurer who drew a check in the amount of one dollar, noting on the check stub that this check covered a share withdrawal. Then the treasurer opened the member's passbook to the first share page and entered the date immediately under the last entry made; on the

(Continued on page 279)

Since so many credit union members are also members of labor unions, we reprint this eloquent article from the New York newspaper PM.



Is Labor Doing Its Bit?

By James A. Wechsler

THE club car was jammed as the train sped from Washington on its way to Detroit. Five of us were seated at a small table, and after a couple of rounds of drinks and twenty minutes of talk we began to get acquainted.

There was an executive of a major auto corporation, returning to Detroit after a conference with top production officials.

There was an army private—he was 22, looked younger—who used to work at a counter in an upstate chain store.

There was a little business man from a small midwestern town who had been to Washington looking, as he put it, for a little business.

There was the head of a long-established newspaper feature service, "out to get a look at the country for myself."

At first most of the talk was about the latest communiques. But the car got smokier and noisier. We listened

to the auto executive tell how he once played tackle for Michigan; there were no controversial issues; we were virtually a living demonstration of national unity. Then it all happened suddenly. After we finished mapping strategy for the general staff and evaluating Michigan's 1942 football outlook, the little business man said without any advance warning:

"Well, I see Admiral Land told the union boys off. He says organizers should be lined up and shot. I guess that's how most people are getting to feel, isn't it—now that the war's going this way?"

Emily Post wasn't around, so the party began getting rough. They all knew I was a labor reporter, that I worked for a newspaper which believed in labor unions. We had cleared

that up earlier, without going into details. Now there was a brief, strained silence, and then we decided to fight it out. The questions—and manifestoes—came fast, bouncing back and forth across the table. You got the feeling you had been here before: this was a replica of a hundred club-car battles over labor—since Pearl Harbor. The lineup was familiar, too: Four to one.

The talk reflected deep, angry passions. It echoed newspaper columnists (especially Pegler), radio commentators (especially Kaltenborn), advertisements and Rotary club speeches (especially those thought up by the National Association of Manufacturers).

But it wasn't just a phony Victrola record; it represented growing conviction. Maybe the auto executive was more dogmatic than the little business man, and maybe the latter raised his voice more often than the newspaper official, and the private asked his questions slowly, as if he were still thinking it through.

The important fact is that all four of them were amiable, decent citizens who wanted to put Adolf Hitler &

Company out of business, and that all of them were either wholly or partly convinced that organized labor was no help—in some cases a positive menace—to the U.S.A. in performing that operation.

I'm putting down the accusations and the questions here as they were raised that night—as they are being phrased by a lot of people in a lot of places. Then I'm giving the answers as I would have given them if a man could persuade his club-car hecklers to put their questions in writing and let him finish a sentence.

The auto executive said:

"Two days ago there was a strike at the Ford plant. I know it only lasted four hours. It only affected four departments. But what right has any man got to quit his job for a minute now? What happens to a man in the Solomons who stops fighting because he's got a grievance? All these strikes, even if they're quickies, affect production somewhere. Why doesn't labor stop these strikes?"

I would tell that man:

GET the facts and figures first: they're all available in monthly government reports, but in newspapers they usually appear near the obituary notices.

The latest report issued by the war labor board shows that the total man-hours lost because of strikes during September was one-tenth of 1 per cent of the total hours worked on the war production lines. A total of 80,799 workers of the millions employed were affected by the stoppages—the vast majority of which were ended within a day.

Have strikes impaired production? Have they deprived our fighting men of war weapons? Listen to L. Metcalfe Walling, wage-hour administrator:

"Have you heard dramatized to the public the basic fact that where our production falls below schedule the lack of machine tools still stands in the front rank of causes, shortages of materials in the second rank, millions of man-days lost through occupational deaths and accidents in the third rank—many times the production lost through strikes, which doesn't even show compared to the total lost production from these three?"

But that's only part of the answer. Neither Walling nor any national labor leader has defended a strike since Pearl Harbor. The key question is where to pin the responsibility. Col. Lewis Sanders, director of selective service's re-employment division, recently told a senate committee that 80 per cent of our labor troubles "have their basic origin in management."

Sanders emphasized that his background was "primarily from management"—it took him several minutes to list his past services to U. S. corporations.

If we decide that strikes are jeopardizing production, why not a court of inquiry to discover why they occur?

Consider the Ford case. For decades the Ford workers fought for the right to belong to unions of their own choosing. The files of the National Labor Relations Board are crammed



with the story of how the company fought back: violence, intimidation, blacklisting. Now there is a union at Ford, but the history of bitterness and resentment isn't banished over night.

The four-hour stoppage at River Rouge was part of the price we are paying for years of sordid industrial relations. The union leadership worked overtime to end the walkout. I'm not condoning the strike; I'm explaining why men in overalls, with kids and brothers in the armed services, still lose their heads and pull down a department. When they see shortages of materials holding up the assembly lines anyway, it's hard for them to think in terms of precious minutes.

Underlying the strike problem (it's NOT a strike "wave") there is a multitude of evidence that unions are an affirmative factor in preventing stoppages. William H. Davis, chairman of the War Labor Board, recently pointed out that his office had received "100 per cent co-operation" from labor officials in getting men back to work.

Would it have been better if the strikers had no responsible national leaders—or if their leaders had been lined up before the firing squad? Who would have put the heat on to end the strike?

Has anybody told the story of the labor leaders who have risked their jobs and their necks persuading men in the plants to halt their picket lines?

The newspaper official said:

"But you haven't explained the soldier analogy. Fellows in the army have a lot of things to kick about. It's a tough life. But they can't strike."

I would say to him:

Okay. Let's carry the parallel the whole way. Fellows in the army can't hold mass meetings to protest the way the war's being run. They can't publish a newspaper calling Pres. Roosevelt "Caesar." They can't hold political rallies with Ham Fish (or anybody else) as the guest of honor. They can't circulate bulletins accusing the New Deal (or the Republican party) of hampering the war effort.

Should we impose these rules on every phase of our civilian life? Should we outlaw all mass meetings at which the conduct of the war is questioned? Should we send Wendell Willkie to jail for prodding our generals and assailing the State Department? Should we turn the firing squad on the National Association of Manufacturers for raising hell about the New Deal?

I raise these questions to dramatize an essential point:

Maintenance of the distinction between military and civilian rule, even in wartime, is the major difference between our way of life and that of our enemies. We think our way is stronger. We believe that free labor will out-produce slave labor in the long run. We believe democratic debate will produce a more—not less—effective war machine in the long run. If we are mistaken—if we need universal regimentation and castor oil and firing squads to win the war, if we require military dictatorship over civilians as well as soldiers—then the other consequences must follow. And that means not only shooting strikers. It means also exiling industrialists who violate a WPB priority ruling. It means silencing politicians—whether they speak as honest critics or as foreign agents.

PRESERVING the right to strike may cost us one-tenth of 1 per cent of man-hours worked in our war plants. Has anybody estimated how many hours we have gained because the great majority of American workers feel they have something important at stake in the war—and that their liberties have not been scrapped while we're fighting?

The soldier said:

"The boys in the camps aren't sore just on account of the strikes they read about. But they talk a lot about unions asking for more dough for their members. When we get into town we hear about plumbers making 140 bucks a week and steel workers trying to get a dollar-a-day more. Well, we only get 50 bucks a month for risking our lives and it doesn't make much sense."

(Continued on page 283)

Dividend Aids

WE'LL soon be "dividending" again.

Treasurers and employees who have the job of figuring the members' dividends will find the following helpful:

For State-chartered credit unions—Dividend rate table, form 14; Declaration of dividends, form 19.

For Federal-chartered credit unions—Dividend work sheet and payment record, form 112 revised; Closing entries and dividend procedure for Federal credit unions (available from district FDIC offices).

These forms can be had from your League or from CUNA Supply Cooperative.

If you need assistance in closing books or computing dividends, don't hesitate to contact your chapter president, League or CUNA. They will be glad to help you.

And in regard to the dividend rate: your National Board of Directors has unanimously agreed—

"That for the duration of the war period the dividend rate paid by credit unions shall not exceed 3 per cent per annum."

SHARE MONTH DIVIDEND TABLES

Amount of Dividend Per Share Month

AT 2% PER YEAR				AT 2½% PER YEAR				AT 3% PER YEAR			
Share Month	Dividend	Share Month	Dividend	Share Month	Dividend	Share Month	Dividend	Share Month	Dividend	Share Month	Dividend
1	.01	51	.42	1	.01	51	.53	1	.01	51	.64
2	.02	52	.43	2	.02	52	.54	2	.03	52	.65
3	.02	53	.44	3	.03	53	.55	3	.04	53	.66
4	.03	54	.45	4	.04	54	.56	4	.05	54	.67
5	.04	55	.46	5	.05	55	.57	5	.06	55	.69
6	.05	56	.47	6	.06	56	.58	6	.07	56	.70
7	.06	57	.47	7	.07	57	.59	7	.09	57	.71
8	.07	58	.48	8	.08	58	.60	8	.10	58	.73
9	.07	59	.49	9	.09	59	.61	9	.11	59	.74
10	.08	60	.50	10	.10	60	.62	10	.13	60	.75
11	.09	61	.51	11	.11	61	.63	11	.14	61	.76
12	.10	62	.52	12	.12	62	.65	12	.15	62	.77
13	.11	63	.52	13	.14	63	.66	13	.16	63	.79
14	.12	64	.53	14	.15	64	.67	14	.17	64	.80
15	.12	65	.54	15	.16	65	.68	15	.19	65	.81
16	.13	66	.55	16	.17	66	.69	16	.20	66	.83
17	.14	67	.56	17	.18	67	.70	17	.21	67	.84
18	.15	68	.57	18	.19	68	.71	18	.23	68	.85
19	.16	69	.57	19	.20	69	.72	19	.24	69	.86
20	.17	70	.58	20	.21	70	.73	20	.25	70	.87
21	.17	71	.59	21	.22	71	.74	21	.26	71	.89
22	.18	72	.60	22	.23	72	.75	22	.27	72	.90
23	.19	73	.61	23	.24	73	.76	23	.29	73	.91
24	.20	74	.62	24	.25	74	.77	24	.30	74	.93
25	.21	75	.62	25	.26	75	.78	25	.31	75	.94
26	.22	76	.63	26	.27	76	.79	26	.33	76	.95
27	.22	77	.64	27	.28	77	.80	27	.34	77	.96
28	.23	78	.65	28	.29	78	.81	28	.35	78	.97
29	.24	79	.66	29	.30	79	.82	29	.36	79	.99
30	.25	80	.67	30	.31	80	.83	30	.37	80	1.00
31	.26	81	.67	31	.32	81	.84	31	.39	81	1.01
32	.27	82	.68	32	.33	82	.85	32	.40	82	1.03
33	.27	83	.69	33	.34	83	.86	33	.41	83	1.04
34	.28	84	.70	34	.35	84	.87	34	.43	84	1.05
35	.29	85	.71	35	.36	85	.88	35	.44	85	1.06
36	.30	86	.72	36	.37	86	.90	36	.45	86	1.07
37	.31	87	.72	37	.39	87	.91	37	.46	87	1.09
38	.32	88	.73	38	.40	88	.92	38	.47	88	1.10
39	.32	89	.74	39	.41	89	.93	39	.49	89	1.11
40	.33	90	.75	40	.42	90	.94	40	.50	90	1.13
41	.34	91	.76	41	.43	91	.95	41	.51	91	1.14
42	.35	92	.77	42	.44	92	.96	42	.53	92	1.15
43	.36	93	.77	43	.45	93	.97	43	.54	93	1.16
44	.37	94	.78	44	.46	94	.98	44	.55	94	1.17
45	.37	95	.79	45	.47	95	.99	45	.56	95	1.19
46	.38	96	.80	46	.48	96	1.00	46	.57	96	1.20
47	.39	97	.81	47	.49	97	1.01	47	.59	97	1.21
48	.40	98	.82	48	.50	98	1.02	48	.60	98	1.23
49	.41	99	.82	49	.51	99	1.03	49	.61	99	1.24
50	.42	100	.83	50	.52	100	1.04	50	.63	100	1.25

The Employer Looks at the Credit Union

"Employees should feel that management is behind them but that management is not running the credit union," says the personnel manager of Marshall Field & Company in this talk delivered at a meeting of the Central Chicago Chapter.

By Garrett L. Bergen

IN TALKING with you concerning credit unions I am speaking from personal experience with three groups of credit union people, all with Marshall Field & Company, over the past five years. One of my first constructive jobs with this company was to help organize credit unions among the seven thousand people in the southern mills of Marshall Field & Company. Credit unions were set up in each mill and are today operating successfully.

A transfer to the New York office of the company gave me the opportunity to assist in the formation of a credit union among the 900 employees, salesmen and office workers in this group. Another transfer a year later in the fall of 1937 brought me into contact with the year-old credit union of the Marshall Field & Company employees in the Chicago area, of whom there are approximately eight thousand.

This credit union was chartered in August 1936. At the close of that year there were 1,340 members of the credit union, of whom 566 were borrowers. Total assets were \$53,458.48, the share balance \$52,607.00 and the loan balance \$34,639.90. The steady growth of the group is shown by the fact that on September 30, 1941, there were 3,895 members, of whom 2,769 were borrowers. Total assets amounted to \$177,108.08; the share balance was \$169,636.80 and the loan balance \$138,312.64.

From my own experience and from what I know of the attitudes of my colleagues in the personnel or industrial relations field, I feel sure that I can say without equivocation that management thinks credit unions provide the answer to a personnel manager's prayer—a gold brick with solid gold in it—any organization with 60 percent or more of the company's employees as members must be significant. To me, if an employee-relations move is good at all, it must be good for both the employee and the com-

pany. Most employee-relations programs are made up of various policies and practices, all of which are to some degree good for both parties. In no part of the program does this mutuality of interest and advantage reach its full blend to a greater extent than it does in a credit union.

An example of what the management of Marshall Field & Company thinks of it, is that we provide space for it—those of you in the retail business realize what this means.

BEFORE I came over here tonight I skimmed through some literature on employee-relations plans—they contained many pros and cons—the only unanimity of eulogy was toward credit unions, and this with a tone of wonderment. I quote from such an article:

"During the early years of credit union operation many persons were skeptical of their continued solvency. It seemed inconceivable to some that a banking venture could be conducted entirely by employees and not be in danger because of their inexperience in this field. Poorly selected loans and loss to depositors seemed inevitable. The experience of the period, 1929 to date, however, proved that the credit union was based on a sound foundation.

"Despite unemployment, curtailed working schedules, and drastic reductions in wages, the industrial credit unions in operation during the depression years present a splendid record of achievement. In one of the most critical periods in the nation's history, marked by the virtual collapse of the banking system, these unions offered a secure depository for their members' savings and sustained but trifling losses through defaults on loans."

You know the advantages to the employees as well as I do—your growth attests to these, so I will not bore you by attempting to recite them.

To me, one of the most important features is that the credit union is not paternalistic. This does not mean management should close its eyes and

deny its help to the credit union. Since management derives so many benefits from a credit union, it is obligated to help—and vice versa.

If the credit union is to carry on its work and reach the largest possible number of employees, a place should be provided in which this work may be carried on. This perhaps may be considered subsidization, and credit union people in many organizations do not like to feel that they are indebted to management. It seems to me that the management is well repaid in actual dollar and cents savings by providing space for the credit union; therefore, I do not look upon the provision of space as taking any of the independence from the credit union.

In most concerns where credit unions exist, a fairly large percentage of the employees have funds on deposit in the credit union. The management of these concerns, therefore, has a right to know that these funds are being properly administered; the management has the right to know that the affairs of the credit union will be conducted in a business-like manner and in compliance with the law. I believe that management is entitled to receive reports of the activities of the credit union; I also believe that these reports should be in such form that management may see what progress is being made, the work that is being done, the number of employees who are members, the amount in total which has been loaned and the amount for which the credit union is responsible.

IT is my belief that such report should be made available to management voluntarily by the credit union. In our credit union I believe that management receives such reports because the officers and directors of the credit union really want management to know what is being done. This is as it should be. However, if the reports are not made voluntarily, I believe management should have the right to demand them.

So long as the affairs of the credit union are properly conducted, management should not interfere in any way with the operations. The board of directors of the credit union, if allowed to work out their own plans in their own way will not only do the job well, but will receive training which will make them more valuable as employees.

The law of the State of Illinois and the Federal Credit Union Law provide for the auditing of the books of the credit union. The management should reserve the right to demand a supplementary audit by a recognized firm of

certified public accountants in the event that management feels that the credit union is not operating as it should. This is not meant in any way as a criticism of the work of the State auditors nor of the Federal auditors; however, an independent audit by a certified public accountant may bring to light certain factors of interest to management which are not brought out by those accustomed to making credit union audits. Some of the difficulties of the past occurred before management saw fit, at periodic intervals, to demand audits by independent auditors.

Management is responsible in a measure for the welfare of all of its employees, not just one particular group of them. It should, therefore, be part of the responsibility of management toward the credit union to see that all employees, regardless of race, creed, union affiliation or non-affiliation, are treated in the same manner. Management should take steps to be sure that no discrimination is practiced in the acceptance of savings or the granting of loans to any of its employees.

The credit union cannot operate in the best interest of all the employees unless all employed are aware of its existence. The function of the educational committee of any credit union should be to inform all the employees of the services which the credit union is prepared to offer. In this connection management should offer such

facilities as are in existence to help the credit union spread the good word. Space should be made available in house-organs. Other facilities such as mimeographing, stencil cutting, and things of that kind which can be placed at the disposal of the credit union without interfering with the actual operations of the business, should be offered this committee for use.

Throughout this rambling talk I have tried to picture to you the responsibilities and attitude of management toward the credit union. With the responsibilities as I have outlined them, it might seem, off-hand, that management should be represented on the board of directors of the credit union. The credit union, however, when functioning properly, should be entirely an employee activity. Employees other than management employees should know that the responsibility for proper operation is theirs. They should feel that management is behind them, that management is willing to offer counsel when it is sought, but that management is not running the credit union. One way in which this feeling may be engendered is to be sure that capable, honest, interested employees are elected to membership on the board of directors. It was our experience that heavy management representation on the board tended to take from the credit union the self-reliance of the board, and it tended to make the employee feel that the credit union was merely a de-

vice used by management to take a paternalistic interest in their affairs.

There are many problems in this management-credit union relationship; an example comes about through the credit facilities offered to employees by the store, versus the credit facilities offered by the credit union. The store offers to its employees substantially the same credit facilities for the purchase of merchandise as are offered to the general public. With a close tie-up between the management of the credit division and the management of the credit union it seemed that there was a tendency to transfer some employee indebtedness from the company to the credit union and vice versa. Great care has been exercised in our particular credit union to keep these two credit-granting agencies as widely separated as possible in the minds of the employees.

IN an organization as large as ours, we have a decentralized group of divisional personnel managers, each responsible for the day-to-day personnel problems of from five hundred to two thousand employees. Such a set-up has proved desirable both from the standpoint of the management and the employee. However, employees have been afraid, rightly or wrongly, that a check-back by the credit union with the divisional personnel manager as to the relative permanency of his job, for example, might lead to lack of caste of discharge. At one time, we felt employees failed to use the credit union to meet their needs for fear that their loans would become part of their official personnel records. We believe we have now largely eliminated this feeling.

In a group of employees such as compose the board of directors of the credit union, it is not possible to avoid entirely management representation. Experience on the board will tend to develop good supervisory capacity in the director before the conclusion of his term of office. So long as the group is not dominated by some member of top management, employees will not be inclined to feel that top management is running the show. Six of the eighteen members of the board of our credit union have been promoted this past year.

At the present time the relations between management and the credit union are excellent. We are constantly kept in touch voluntarily with the activities of the credit union, with no interference on our parts. We receive reports monthly of such activities. Our advice is sought regarding the candidacy of members of the board, to be sure the records of the



Credit unions in Reading, Pennsylvania, are handling public sales of war savings bonds and stamps. Local credit union officers are acting as a volunteer staff of the "Victory House" which has been set up in the public square. Considerable publicity for credit unions has resulted; sales of bonds and stamps have been excellent; and everybody is very pleased.

employees are entirely clear.

Occasionally, management will be consulted concerning a large loan. This is done to give to the credit committee the best information available concerning the employee desiring the loan. The inquiry is made with full confidence in the fact that it will in no way affect our judgment of the employee.

Occasionally we will urge the credit union to rehabilitate a case. This is a rare occurrence and happens only when we are in possession of facts not known to the credit union or the credit committee.

In general the credit union asks us to help more than we want, instead of the reverse.

Many executives of Marshall Field & Company are members of the credit union as employees.

There are three specific questions of interest which I should like to discuss at this time.

1. Payroll deductions. We feel that it is not to the best interest of the employee to have the company make any more deductions from the weekly pay envelope than are absolutely essential. We feel that the closer the pay envelope can come to containing the total stated wage of the employee, the better it is from the standpoint of everyone. With deductions required by law in the case of the Federal Old Age Benefits and with group insurance and hospitalization, deductions take a sizeable slice of the average weekly pay. If deductions on account of either savings or loan repayments are made regularly, too small a sum will find its way into the envelope of the employee.

2. The policy and procedure followed in credit investigation. Only on comparatively new employees is there any checkup with management regarding the dependability of the employee's job. Then the divisional personnel manager, the divisional service manager, or in very rare cases, the section manager is contacted. In general, the word and the record of the employee are taken. Formerly, we made the mistake of checking in almost every case which led to the employee feeling I noted earlier.

3. Policy and procedure on separations. Here management has been able to be of real service to the credit union. Before any employee of Marshall Field & Company may draw his final pay, the record of that employee is checked with the credit union. If the employee has either a share account or a loan account with the credit union, it is necessary that the employee secure the signature of the treasurer on the release. This company assistance has proved an invaluable

aid to credit union operation.

Marshall Field & Company is in business to earn a profit. From the standpoint of management and of the employee, unless activities within the company contribute in one way or another to that profit, the activity has no real place in the organization. We believe that the operation of the credit union actually contributes to the dollar and cents profit of the company.

In the first place the credit union tends to reduce payroll withdrawals. Paying as we do every two weeks, and with eight thousand regular employees on the payroll, we should incur a very large expense in handling of the bookkeeping if any considerable number of employees withdrew their pay in advance. Such advances again reduce the amount in the next pay envelope and are of harm to the employee. A small loan, amortized over a longer period, will be of much more help to the employee.

Second, the credit union encourages thrift. Our founder, Marshall Field, believes this important in an employee. Management today also believes that a thrifty employee is a better employee in every way.

Third, the credit union enables employees to borrow for purposes which they might (perhaps without justification) fear to discuss with supervisor or divisional personnel manager.

Fourth, there is a strong tendency to relieve costs and unnecessary employee relationships attending assignments and garnishees—this problem has no business in a sound employer-employee relationship. Our legal department states that there has been a tremendous drop in these since the credit union has grown in use among the employees.

The credit union treasurer, with his background of experience with borrowers, is able to offer advice and assistance to employees on financial matters. This tends to limit the divisional personnel manager-employee relations to counsel concerning business matters, as it should be.

Then the credit union has practically eliminated the cost and the embarrassing relationship caused by need for the company loaning directly to the employees. Such practice tends to be paternalistic. If the employee leaves the company, such loans must generally be written off. In 1935 Marshall

In the Army Now

Norman Tracy, former managing director of the Wisconsin Credit Union League, now with the Army.

William B. Tenney, Credit Union National Association field man, formerly of Decatur, Illinois, now with the Marines.

Field & Company loaned to its employees approximately \$40,000. In 1936 this amount dropped to \$30,000, with the credit union in operation the latter part of the year. In 1937, the first full year of operation of the credit union, the amount dropped to \$3,000. It has not reached this figure since that time.

Serving as they do on the Board of Directors, employees cannot help but develop as supervisors and leaders. Since there is always a place for strong leaders, this is a valuable service both to the employee and the company.

Last, but by no means least, the credit union fosters a "working together." The credit union provides a common meeting ground for all employees, from chief executives down to the lowest paid employee. They work together in a credit union to solve their greatest single problem, that of making both ends meet. That employees welcome such an opportunity of acting together to solve common problems is clearly proved by the outstanding success of the safety movement in industry.

The success of a credit union, like any other business, is dependent upon the type of men chosen to direct its affairs. This is the key. So long as people vitally interested in their fellow employees and in the success of the credit union are in charge of its affairs, the credit union cannot help but be successful.

In large organizations there is danger in weakening the "personal" acquaintance factor. "The impressive record is due to the fact that credit unions are limited in their operations to groups of people having a common bond of association. Their funds are loaned only to members. The credit habits of borrowers are so well known to the officers of the credit union, who are elected from the group, that they have no difficulty in distinguishing between a good and a bad credit risk. On the other hand, a member who borrows money from his credit union realizes that his loan is made up of the small savings of fellow workers and friends. Consequently, the moral obligation for the repayment of credit union loans is so strong that losses are negligible. This has enabled credit unions to withstand the boom of 1929, the depression of 1933, and to establish themselves in the public's confidence as one of our soundest financial institutions."

In Marshall Field & Company we have endeavored to solve the problem by electing to the board of directors representatives from each of the larger divisions of the company. At present our one large credit union seems to be operating successfully, but perhaps the real answer is more, smaller, units.

MONEY FABLES

Fun at the Hotel

AN attorney named Harry registered at an important hotel. After he had been assigned a room, he said, "Here is a bag of money—five hundred dollars, to be exact. Please put it in the safe for me. I'll be checking out in the morning."

After he went to bed, one of the hotel manager's creditors, a plumbing contractor, showed up. "You owe me five hundred bucks," he said to the manager, "and you've owed it too darned long. If you don't pay up in the next hour, I'll turn you over to a creditors' committee."

Thinking fast, the manager opened the safe and pulled out Harry's bag. He picked the lock, took out the five hundred and turned it over to the plumber. His brow was wet with guilty sweat, but he thought to himself, "Maybe I can find some way to get it back before morning. Maybe I can give him his room and meals free and get him to stay a week."

The plumber walked out in a slight daze, finding it hard to believe that at last he had collected the five hundred. Pinching himself gently, he made his way to the Benevolent Order of Wild Men and forced himself through the cigar smoke into the back room. "Deal me in, boys," he said while the poker players looked at the roll in his hand incredulously; "deal me in, I'm hot."

In fifteen minutes a shark had relieved him of the five hundred, with the aid of several aces reserved for such occasions. The shark made his way to the hotel, where he found the manager sitting in a chair in the lobby, his head in his hands.

"Don't look so broken up," said the shark. "I'm paying my bar bill. Will five hundred cover it?"

"What do you mean, five hundred?" the manager babbled. "For heaven's sake, have one on the house. Pour me one. Hold me up."

He sank half-conscious to the floor, clutching the money in a feverish fist.

When Harry checked out the next morning, he asked for his bag from the safe. "Take good care of it," the manager said. "There's a big demand for that stuff."

Harry laughed. "This is all counterfeit," he said. "I picked it up yesterday where they make it. It's government evidence now. What's the matter?—you look sick."

Moral: There's nothing either good or bad but thinking makes it so easy to get mixed up.



Gold from Seawater

ABRILLIANT chemist named Joe spent years trying to find a way to make gold from seawater. He found half a dozen ways in the first ten years, but they were all so expensive that the small amount of gold produced cost more than gold at the price set by the government.

So he spent another decade trying to find a cheaper way. As the years passed, he felt himself closer and closer to his goal. He stayed up all night, keeping himself awake with caffeine tablets and developing chronic insomnia. One night, just as the lights were being turned off at the ball park, Joe's apparatus began to perform. Gold nuggets tumbled out in profusion; they kept coming until the room was packed to the ceiling.

"Eureka!" cried Joe. "The jackpot! I've got it."

He went to bed with a relaxed, weary smile and slept fourteen hours. When he woke up, he shaved and had a large platter of ham and eggs. During breakfast, he switched on his radio and got a news broadcast.

"Last night," said the news announcer, "a brilliant chemist named Joe discovered a cheap way of making gold from seawater. Congress met at midnight in special session and in forty-five minutes passed a law making United States currency redeemable in wheat, corn, pork and cotton

cloth. The nation's gold supply will be sold to the novelty jewelry industry at three dollars a ton."

Joe went back to the laboratory to look for a way of turning seawater into wheat, corn, pork and cotton cloth. He is still working at it.

Moral: You can't take it with you, and you can't eat it either.

Put and Take

THE neighboring countries of Pecunia and Agraria enjoyed a lively commerce with each other. They were as different as day and night, you might say. It wasn't just that Agraria was a farming country and Pecunia's chief occupation was gold mining; more than that, the attitude of each government toward foreign trade was just about the opposite of the other's.

The government of Pecunia was really just a bunch of ordinary guys, with no special training. The men in the Agraria government however, were as smooth a bunch of fellows as ever you saw; they all had studied banking and international finance; they wore white carnations; they knew that the way to build up a country is to sell more than you buy—in other words, to maintain a favorable balance of trade, with money coming in and goods going out.

The way the set-up worked, Agraria exchanged 80 per cent of her farm products for 100 per cent of the gold mined in Pecunia. Each country had a state corporation to handle exports and imports, and the thing went like clock-work. The people of Pecunia, with their amateurish government, went on eating 80 per cent of the food produced in Agraria; their children were 30 per cent healthier than children born in Agraria. Naturally, they grumbled now and then about the money situation: "Money's tight, awful tight," they'd say; "you'd think the government would let us have a little gold for ourselves sometimes, instead of shipping it all to Agraria."

And of course the government of Agraria and the bankers were tickled pink about the favorable balance of trade. "Golly, are we playing them for a bunch of suckers! All we send them is a mess of swiss chard, and we get a constantly growing treasury. You'd think they'd catch wise."

But the people of Pecunia went on working their six hours a day with vacations and sick leave, and the people of Agraria went on working farmers' hours and eating lightly, and nobody in Pecunia did a thing about it.

Moral: All that glitters is not swiss chard.



Helping Children Understand Money

Children need to understand the part money plays in living and to learn how to handle it by means of allowances and budgets

IF YOU were to ask parents to give their ideas about money in reference to child training, you would learn some surprising facts: that all fathers and most mothers have strong feelings on the subject; that, not infrequently, these feelings have a deep significance, that they reveal important facts about the personality of the adult, quite apart from the needs of the child; and that many parents attribute to money a degree and a kind of importance that the child just does not share or even comprehend.

Everyone is familiar with some of the well-known sayings that originated with men and women of a past generation and are still current today: "Neither a borrower nor a lender be." "The value of money must be learned by saving." "He who would spend must first earn."

But today we also hear expressions of quite another kind when parents declare: "We give him everything he wants. What does he need money for?" "Money is a sordid thing. The longer the child is protected from it, the better." "We gave him some, but it didn't interest him." "He runs right out and spends it the minute he gets it, and

By Marion R. Miller
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then he asks for more. There doesn't seem to be anything very educational about that."

All of these expressions of opinion, old and new, sound reasonable or unreasonable to us, depending on our own reactions to the handling of money, but they tell just a small and frequently distorted part of the story.

In order to help our children to develop a wholesome and competent attitude toward the use of money we must start with the young child and try to understand money and its fascination from his angle. Such words as "pay," "spend," "borrow," "save," "earn," are all without meaning to the child. What he does know is that many wonderful prizes are readily procurable for certain bright coins. And money is something that all, or at any rate most, grownups seem to shake out of their pockets at will. Where it comes from, what makes it valuable, or by what means it is acquired concerns him as little as where

his orange juice or warm blankets come from. In fact, he is quite willing to take one as much for granted as the others. But very early he senses that there is something a bit special about money. Adults certainly feel it is pretty important.

Most observant children at five or six—some even earlier—want money of their own. They want it because older children attach importance to it, and because they have already observed that it has the power to bring them a variety of delights. Right at that point, when the child's first interest is aroused, is the time for parents to start his education in the handling of money. As so often happens, the parents' first duty is self-control. Avoid giving meaningless and casual small coins. They teach nothing constructive, they encourage carelessness, and invite begging. Until you are ready to explain what money is for and how to use it, buy the child what he needs, handling the money yourself.

But, as early as the child does show genuine interest, try to work out a plan for him and with him. Children differ in many ways. One child will keep his allowance in mind for a whole week; for others that is too long. Experiment and adopt the procedure that seems wisest. Perhaps you will start with five cents a week. Say to the child, "This is your money. You may buy anything you wish with it, for yourself or for someone else, or you may save it until you have more, and then get something more valuable."

Few five or six-year-olds are likely to be concerned about abstract savings. They must have a goal, sufficiently tangible and attainable, that they can achieve or they will become discouraged or forget about it completely. The chances are that at first the money will be spent very promptly. That in itself is an important step in the learning process. A considerable sense of power goes with spending one's own money, and it can be

very gratifying and salutary to expand one's ego by the purchase of even an ice-cream cone.

"But," I seem to hear a parent say, "little children have no judgment, and they will buy trash or the cheapest sweets that aren't good for them." My answer to that is that experience is a very clever teacher. Even a whole nickel's worth of candy will do no irreparable harm to a digestion. If, by chance, a slight discomfort results, you may be fairly certain that Tommy will remember it and try something else the next time his allowance falls due. If, on the other hand, he takes the marshmallow bananas and licorice shoestrings in his stride, he may learn, after a few weeks, that there is prolonged delight in spending his money a bit at a time, and that is an important discovery for Tommy, especially if he comes upon it all by himself without adult intervention. A reasonable supply of wholesome candy in the house, to be eaten in small quantities after meals, may keep him from running to the corner shop, and may open his mind to further consideration and experimentation about the meaning and with the possibilities of money.

The Defense Savings program of the U. S. Treasury offers a ready-made device for children and young people to save with an incentive that they understand and appreciate. Boys and girls feel very helpless in a world at war. They want to do something that counts—where they can see results. The avidity with which they have adopted the sale and the purchase of defense stamps and bonds proves that here they have found a cause that is alive to them. Throughout the country in elementary schools as well as high schools, students are eagerly buying stamps. This seems to indicate what we have long suspected—that saving or thrift cannot develop without a specific goal. There are some children, of course, who are thrifty by nature—who save without reason—but for the most part, normal youngsters need an incentive that they accept as important.

There is no hard and fast rule about the amount of an allowance that is suitable for a particular child. This will depend on the answers his parents give to a number of questions:

What is he old enough to do by himself? Does he travel alone on street cars and buses? Does he buy his lunch at school, or at least some part of it? Does he go to Sunday school? In other words, what are his fixed expenses?

What is he mature enough to want? What are his normal interests and desires, expenditures at least some of

which might be paid out of his allowance?

What, approximately, is his memory span? Is he old enough to plan ahead—for a week, for a fortnight, or only for a day or two?

Having answered these questions fairly accurately, a little simple arithmetic is in order. The allowance should cover fixed expenses, something to save, and a little leeway for extras or for unforeseen expenditures. You may find that it adds up to more than you expected, probably to considerably more than you had at your child's age. That is likely to be so, especially if you want him to practice spending on something other than cheap candy or trash. An allowance, carefully planned, however, is never an extravagance; rather it may be regarded as a very low tuition for lessons of great value. In matters concerning money, as in many other matters, the change from childhood to adolescence is not merely a change in degree. It involves development rather than a mere arithmetical increase, and above all there is the need to adopt a new point of view.

The child accepts his allowance as unthinkingly as he accepts food and shelter, and this is as it should be. Any other basis is a danger signal of faulty management. The adolescent, however, is reaching out in many directions for independence, and since development occurs by fits and starts, the reaching out is at times a bit jerky. Young Bill Andrews, for example, grew very sensitive about what he considered his continued dependence on his father. He felt the need to be more on his own, and since the possession of one's own money is an index of self-sufficiency, he yearned to pay his own way.

That was not practical since he was preparing for college and had little time and less opportunity to engage in any but the most spasmodic money-earning activities. He reacted with extreme touchiness about money. He construed the most innocent question as a personal criticism and would try to avoid any discussion that involved cost or price. For years he had received his week's allowance on Sunday, and, unthinkingly, the custom had been continued. The nickels and dimes that were left after meeting the week's essential outlays for carfares and such were often wasted. For nickels and dimes have a way of disappearing, whereas a month's allowance seems more substantial, even though the total amount remains about the same. So a change was made and Bill received his allowance in a lump sum

once a month. True, occasionally he might "blow in" his money early in the month, and be pretty broke until the first, but even that has its value. There were times when he felt that his large expenditures were justified, especially if he had a good time or an important purchase to look back on during the slim period. In this case, it became something of an adventure to see how he could manage during the rest of the month. And in general, just to have ten or twelve dollars in his pocket at the first of the month gave Bill a sense of satisfaction that enabled him to bear the ever-recurring indignities to the young with considerably less heartache.

There is another angle to the adolescent situation as regards money which often causes discomfort. Parents as well as adolescents need to recognize and face it. The present generation of parents has not yet become quite accustomed to the idea that the ice-cream parlor, the corner drugstore and the movie palace have in large measure supplanted the porch swing and the piano in the parlor as the focal points for the amusement of adolescents. The Victorian system divided the financial honors without seeming to do so. If the young man brought a box of candy, the maiden or her mother provided the cookies and lemonade. Today the sharing of expenses is a little more obvious but it ought to be accepted just as naturally. Casual companionships can exist far more easily on a Dutch treat basis, and male chivalry need not suffer if all contribute toward the check.

No one has ever thought that adolescence was an easy period either for the victim or the parent. Emotional strain is very likely to accompany seemingly unrelated factors. Certainly money is one of these. Whether the amount in question is relatively large or small is of less importance than what the money contributes to the self-respect, the ego satisfaction of the adolescent in question. The parent will be greatly rewarded by giving this angle of the subject serious attention.

Whether adolescents should have an allowance big enough to take care of their major purchases such as overcoats and party dresses cannot be answered by a categorical yes or no. Perhaps it would be well for parents to consider such a paradoxical procedure as giving a child who is notably careless or extravagant greater control over his or her money than one whose requirements are more modest and who is systematic and orderly. By



all means allow the child to undertake the responsibility if it seems to mean a great deal to him. Not all of them care to be bothered. In any case, whatever the arrangement is, the major expenditures should be decided upon as a result of a careful appraisal of the situation in terms of the available resources and the child's needs, both physical and emotional. There are times when a new frock for the sixteen-year-old is actually more important than a new hat for mother.

Having decided that Bill, Jr. must have a new overcoat and that his sister needs special and unfortunately expensive walking shoes, nothing must be allowed to interfere with these purchases, although they are doubtless much less attractive than gay accessories and sports equipment. Each family will work out the mechanics in its own way; it may be necessary to advance a larger sum for an immediate purchase to be paid back in instalments, or the requisite amount can be saved little by little. For the most part, however, the less direct control the parent exercises over purchases, even those that are not in accordance with parental taste or even common sense, the better for all concerned. In matters of taste, the judgment of one's peers is a thousand times more important to the boy or girl in his teens than the criticism of one's father or mother.

Wage Freezing Order

The Federal Government's wage freezing order applies to credit unions with eight or more employees. For further information you can contact your local wages and hours division.

Teachers' Credit Unions

"Teachers, regardless of position or title, are professional workers in a common cause, and, as such, have certain responsibilities and rights," says the report of the Committee on Resolutions of the National Education Association. "The interests of the child and of the profession require . . . teachers who are protected, in case of disability or old age, by means of sound retirement systems and, in case of financial emergency, by credit unions."

Likes Life Savings Plan

To the Manager of CUNA Mutual:

I would appreciate it if you would send me about 25 of the folders featuring the Life Savings Plan. Somebody advised us to drop the Life Savings Plan. I told him, "Over my dead body!" and that goes for the rest of the directors too.

You will note from our statement



At the risk of shocking some readers, I believe that the first use to be made of money is to spend it. We need to know what money will buy, and what important things it can never buy, no matter how much we may have. We can learn only by spending that money can go only just so far, and that you cannot, under ordinary circumstances, eat your cake and have your pennies, too. We can learn what power a penny has, and a nickel and a dime, and, very important, that by foregoing an immediate purchase a larger and better one is possible next week or next month.

Gradually, foolish expenditures become less frequent and experience leads to less haphazard spending. Do not expect miracles, however. The possession of money is pretty exciting to most children and it takes time for the novelty to wear off. And do not be too discouraged if Junior seems a bit selfish about his money and wants to spend it all on himself. This is a perfectly normal early stage of development—after a while he will learn

that we are doing business as usual and don't know that we have a Regulation W. I would appreciate mentioning this testimonial in your next literature, from one of the largest city-wide credit unions in the State. CUNA insurance has been our best selling point, and would rather pay *no dividends* than give up our CUNA insurance, because it has been too helpful to many of our members.

ERNIE LUDWIG,
Chicago, Illinois.

Coming Events

January 23, 1943

Annual meeting, North Carolina Credit Union League (including Central Credit Union), O'Henry Hotel, Greensboro.

January 24, 1943

Annual meeting, Utah State Credit Union League, Hotel Utah, Salt Lake City.

January 28, 29, 1943

Quarterly meeting, Board of Directors, CUNA Supply Cooperative, Indianapolis.

January 30, 31, 1943

Winter meeting, Executive Committee, Credit Union National Association, Chicago.

the more subtle joys of giving and sharing, especially if there are never any demands made on his allowance or deductions from it as penalties.

Parents are sometimes puzzled as to the category into which to put the child's allowance. Is it a gift, a reward for good behavior, or payment for duties performed? And, by the same token, is there an invisible string attached to it, so that it can be withdrawn when the child is in disfavor? Money is most useful if it is considered a tool of learning—part of the child's desirable and useful equipment on a par with his crayons and blackboard, his books, and his tools.

You do not deprive him of his reader when he stumbles over his words, do you? Or refuse to allow him to practice because he strikes so many sour notes? No more should you cut off his allowance because he spends it foolishly.

Once having established an allowance, use it as teaching material. As time goes on, the functions of money increase. To spending are added savings, giving, and earning. These, in combination, require a more detailed plan which takes account of future needs. Beyond the early trial-and-error stages of learning about money, boys and girls can learn to plan more methodically. Budgets have their uses. Show the child how to budget for a week at a time—so much for this, so much for that, and always a small amount for unscheduled expenses, incidentals, miscellaneous or what you may wish to call it. But remember that budgets are not carved in stone nor yet written in sand. They may be followed and revised and adjusted, and discarded if their usefulness is past. But if the boy or girl is to adopt one as a guide he should be the one to draw it up, with or without help, and the end result should be entirely acceptable to him.

Gradually, of course, each of us learns to see ahead and develops the ability to map out our course two weeks, a month, even a semester ahead. Again the same word of caution: The budget will not always work; there will be times when the youngster will grow weary of well doing, even as you and I, and may even go into debt. If wisely handled, this need not be a reason for worry or censure, but rather an opportunity for him to learn very important, practical lessons about debts and their consequent obligations. This is a valuable lesson which most of us learn to our discomfiture later in life. Perhaps it is better learned early, against the friendly atmosphere of home, rather than later on in the unsympathetic outside world.

Keeping the Books

(Continued from page 268)

same line, under the subheading *Withdrawn* he entered 1.00 and in the *Balance* column he entered the new balance, or \$5.00. Then at the extreme right of this page under *Cashier* he placed his initials and returned the passbook with the check for one dollar to the member.

At the close of this second day's business the treasurer followed the same routine as on the previous day insofar as receipts were concerned. He again made up a deposit for the bank in the amount of the day's receipts. Following this the treasurer opened up a disbursement sheet in the Cash Receipt and Disbursement Journal. At the top of this page he entered the name of the credit union and in the upper right hand corner after *Page No.* he entered the figure 1 and immediately below this the name of the month. Then, at the extreme left side of the page, under the sub-heading *Date* he entered the date and in the next column to the right the number of the check covering the withdrawal, in the next column the name of the person withdrawing the money, in the next column his book number and in the next column under the sub-heading *Shares Dr.* he copied from the withdrawal slip the amount of withdrawal and entered this same amount again at the extreme right of the page under the heading *Total Cash Disbursed Cr.* He then marked on the face of the withdrawal slip *C.D.J.1* indicating that the withdrawal had been Posted to Page 1 of the Cash Disbursement Journal.

NEXT he turned to this members page, or account, in the Individual Ledger, and on the first blank line he entered the date and, under the heading *Shares* and sub-heading *Withdrawn*, he entered the figure 1, and following this, having subtracted this amount from the member's old share balance of \$6.00, he entered the new balance 5.00 in the *Balance* column of the share account. He then filed the withdrawal, slip with the day's deposit slip.

Then, having placed before him the note of the member who had borrowed, and also the check book, he again opened his Cash Disbursement Journal at page one and on the first blank line entered the date, the check number, the name of the borrower and his passbook number. Following this he entered the amount of the loan—50.00—under the sub-heading *Loans Dr.* and entered these same figures again in the extreme right hand column under the sub-heading *Total*

Cash Disb'd Cr. He then turned again to the Individual Ledger and on the account page of the borrower entered the date and under the heading *Loans* and sub-heading *Loaned* entered 50.00 and entered these same figures again in the *Balance* column and initialed the entry under *Teller*. This having been done, the check stub was marked *C.D.1* indicating that proper entry of the disbursement had been made in the Cash Disbursement Journal and filed the note in the note file, which file is kept in numerical order the same as the Individual Ledger. This completed the book-keeping necessary in connection with the second day's business.

THERE are at least three expense items usually paid during the first month—the bill for bookkeeping supplies and another bill covering a one-thousand dollar bond on the treasurer and an entrance fee in the State League. The net cost of the credit union supplies in this case was \$16.00, a discount of 20 per cent having been allowed because the credit union had affiliated with the State League. The treasurer placed this bill for supplies before him and drew a check in the amount of \$16.00. This check he enclosed with the statement covering bookkeeping supplies and mailed. Next, since the cost of his bond was three dollars he drew a check for \$3.00 and next a check in the amount of \$2.00 to cover the entrance fee for his credit union in affiliating with the State League. These three items are all expense items, and at the close of the day on which the checks were issued the treasurer copied the items from the check stub to the Cash Disbursement Journal. These three entries in the Cash Disbursement Journal were entered on the three lines immediately following the last entry. The date was indicated in the date column in each case immediately followed by the check number, the name of the firm in whose favor the check was drawn, and since there was no book number the next space was left blank. The three items were then entered under the heading *Miscellaneous Items* and under the sub-heading *Debits* and in each case the same figure was carried over to the *Total Cash Disb'd Cr.* column. The check stub was marked *Expense* and *C.D.J.1* indicating the check was for *Expense* and that the item had been properly posted to the Cash Disbursement Journal on page 1.

In this manner day after day the treasurer made a book record of the business transactions of the credit union. Each day he deposited in the bank an amount equal to the receipts

of the previous day. Each day he posted receipts from the deposit slips to the Individual Ledger. Each day he posted his receipts from the Receipt Summary to the Cash Receipt Journal and each day he posted disbursements from his check stubs and withdrawal slips to the Individual Ledger and the Disbursement Journal.

At the close of each month the treasury totaled the cash receipts and posted, or transferred, these totals to the General Ledger in the following manner. At the close of business on the last day of the month the treasurer ruled one red line across the Receipt Journal page just below the last entry. Then he added the *Shares Cr.* column and placed the total on the line below the red line he had drawn. This he did with each column on the page including the *Cash Rec'd Dr.* column. Next he added together the totals of all *Credit* columns, which columns are to the left of the *Cash Rec'd Dr.* column, and he found that the total of all these columns equaled the total already appearing in the *Cash Rec'd Dr.* column. The "credits" equaled the "debits"—his Cash Receipt sheet was in balance. He then ruled a double red line across the entire page under the totals he had just written. He followed this same procedure with his Cash Disbursement Journal. Following this the Treasurer brought out the General Ledger. On the first page inside the cover of this ledger there is an index listing the various accounts and the page number of each. The first account at the left side of the *Cash Receipts* page is the share account, and following the ledger index the treasurer turned to page 57 in the General Ledger. Page 57 is entitled *Shares* and is a record of the credit union's shares outstanding.

TEXT he turned to this member's (last day of the month) under the subheading *Date*. Under the sub-heading *Explanation* he entered the words *Share Receipts and Disbursements*, and in the next column to the right under the sub-heading *Page* in the top half of the space he entered *C.R.1*, indicating that the cash receipts item was posted from page 1 of the Cash Receipts Journal. The first item he posted was the total of the *Shares Cr.* column of his Cash Receipts Journal, and since this column was headed *Shares Cr.* he carried the total to the column of the share page in the ledger headed *Credit*. Next he entered *C.D.1* in the bottom half of the ledger column headed *Page*, indicating that the other item on this line came from page 1 of the Cash Disbursement Journal. Since the share column of

the Cash Disbursement page is headed *Dr.* he carried the total of this column to the debit column of the *Share* account in the ledger. At the close of the first month the share receipts were greater than the share disbursements, therefore the figures in the credit column of the *Share* account in the ledger were greater than those in the debit column. After subtracting the figures in the debit column from the figures in the credit column he entered the difference in the balance column. So long as a credit union functions the balance in the share account will always be a *Credit* balance. After the first month the treasurer, in determining the new balance of the share account, added the total of the *Credit* or *Receipts* column to the old credit balance and subtracted from this figure the total of the *Debit* or *Disbursement* column thus arriving at the new balance each month.

THE next account to be posted from the Cash Receipt Journal was the account headed *Loans, Cr.* so the treasurer, after consulting the index turned to page 29 in the General Ledger and entered the date, and in the *Explanation* column the words *Loans Disbursed and Received* and in the upper half of the *Page* column *C.R.1* indicating this item was posted from page 1 of the Cash Receipt and Disbursement Journal. Since this account in the Cash Receipt Journal was headed *Loans Cr.* he carried the total to the credit column of the *Share* account in the General Ledger. Next he entered in the bottom half of the Ledger *Page* column *C.D.1* as this was the number of the disbursement page from which the second entry was forwarded. Since the loan column in the Cash Disbursement Journal was headed *Loans Dr.* he carried this total to the *Debit* column of the ledger. Since the figures in the *Debit* column were greater than those in the *Credit* column he subtracted the figures in the *Credit* column from those in the *Debit* column and entered the difference in the *Balance* column. So long as the credit union functions the balance in the loan account will be a *Debit* balance. After the first month the treasurer, in determining the new balance of the loan account, added the total of the *Disbursement* or *Debit* column to the old *Debit* balance and from this augmented figure subtracted the total of the *Receipts* or *Credit* column, thus arriving at the new balance each month.

The next item to be posted was interest, so the treasurer turned to page 99 in the General Ledger and after entering the date he wrote the words *Interest Received* under the heading *Explanation* and under the heading

Page he entered *C.R.1* indicating from whence the entry was derived. Then, since this column in the Cash Receipt Journal is headed *Interest Rec'd Cr.* he carried this total to the *Credit* column of the Ledger and since there was no interest item on the Cash Disbursement page he carried these figures over into the balance column of the Ledger. The balance in the interest account of the General Ledger is a *Credit* balance.

Then the treasurer turned to the entrance fees account on page 79 of the General Ledger. He entered the date, left the *Explanation* column blank and under the sub-heading *Page* he entered *C.R.1* indicating origin of the entry. Then, since the entrance fee column on the Cash Receipt page is headed *Entrance Fees Cr.* he carried the total of this column to the *Credit* column of the entrance fee account. The balance in the entrance fee account will always be a credit balance.

This completed posting from the Cash Receipts Journal with the exception of the last column to the right or *Total Cash Rec'd Dr.* column. Therefore the treasurer now turned to the cash account in the General Ledger, page 1. Having indicated the date he wrote *Receipts and Disbursements* under the sub-heading *Explanation.* In the upper half of the space under *Page* he wrote *C.R.1* and then, because this column in the Cash Receipt Journal is headed *Total Cash Rec'd Dr.*, he carried this total to the *Debit* column of the cash account in the General Ledger. Then he entered in the bottom half of the space in the Ledger *Page* column *C.D.1*, and since the cash column in the Cash Disbursement Journal was headed *Total Cash Disb'd Dr.* he carried this total to the *Credit* column of the cash account in the General Ledger. He found that the *Debits* in the General Ledger Cash account exceeded the *Credits*; therefore he subtracted the amount in the *Credit* column from the amount in the *Debit* column and entered the difference in the *Balance* column. The balance in the General Ledger Cash account should always be a *Debit* balance. After the first month the treasurer determined this balance by adding the amount in the *Debit* column to the old balance and subtracting therefrom the amount in the *Credit* column.

All the items had now been posted to the General Ledger from the Cash Receipts Journal, and the only items unposted from the Cash Disbursement Journal was the item headed *Miscellaneous Items*. In this column of the Cash Disbursement Journal the expense items had been posted. He

therefore turned to page 133 in the General Ledger which is headed *Expense* and after indicating the date he left the *Explanation* column blank, and in the page column he entered *C.D.1*. Then because he was posting the item from a *Debit* column in the Cash Disbursement Journal he entered it in the *Debit* column of the *Expense* account and, since there was no credit item he carried the same figures to the *Balance* column. The expense account usually shows a debit balance.

THE posting from the Cash Receipt and Disbursement Journal to the General Ledger had now been completed. Every total had been transferred. To be sure his postings were correct the treasurer now wished to take off a trial balance. He therefore took Cuna Form No. 57, wrote in the name of his credit union at the top and after the words *month* of he wrote *April, 1936*. He noted that the column to the extreme left of the page set forth the numbers of the Ledger pages on which his accounts were kept and that the name of the account was given in the next column to the right. He now turned to page one, the cash account, and since the balance in this account was a *debit* balance he copied this balance onto his trial balance form under the heading *Trial Balance* and the sub-heading *Debits* opposite the word *Cash*. Since all the credit union's cash was in the bank there was no need for him to carry a separate account in the name of the bank. He turned the pages in the General Ledger one by one and found his next account on page 29 under the title *Personal Loans*. This account also showed a *Debit* balance so he copied the balance in the *Debit* column opposite *Personal Loans*. The next page on which he found entries was page 57—the share account. Since the balance of this account was a *Credit* balance he carried the balance to the *Credit* column of his trial balance, opposite the word *Shares*. His next account was the *Entrance Fees* account on page 79, and this balance also being a *Credit* balance he copied it in the *Credit* column of the trial balance opposite the words *Entrance Fees*. The only other account opened to date he found on page 133—*Expense*. The balance in this account was a *Debit* balance and was therefore copied in the *Debit* column of the trial balance opposite *Expense*. This completed his entries on the trial balance sheet, and when he added the *Credit* column and the *Debit* column he found they were equal.

You will remember that the treasurer had posted from the deposit slips

to the Cash Receipts and Disbursements Journal and from this journal to the General Ledger. On the other hand he had also posted directly from the deposit slips to the Individual Ledger. In order to make sure that the Individual Ledger is in balance with the General Ledger it is now necessary that he add together the balances shown in the individual share accounts and loan accounts in the Individual Ledger. The share bal-

ance of the Individual Ledger should equal the share balance shown in the General Ledger and the loan balance of the Individual Ledger should equal the loan balance shown in the General Ledger. The treasurer should also reconcile his bank account with the balance shown in the cash account of the General Ledger. This, of course, should be done after the first of the month when the statement from the bank has been received.

properly posted to the General Ledger.

The next account necessary for him to close was the expense account. Therefore skipping one line in the Cash Disbursements Journal he entered in the *Name* column of the next line *From Expense Page 133* and opposite this in the *Credit* column under *Miscellaneous Items* he entered the amount of the *Debit* balance appearing in the expense account, and on the next line, in the *Name* column, slightly indented, he entered the words *To Profit and Loss Page 189*, and placed the same figures in the *Debit* column under *Miscellaneous Items*. Following this he carried the *Credit* item to the *Credit* side of the expense account, which closed this account out, and again he ruled a double red line under this entry and next carried the *Debit* item to the *Debit* side of the profit and loss account. He had a previous *Credit* balance in the profit and loss account, so he subtracted the *Debit* figures just entered from the *Credit* balance and entered the new amount in the *Balance* column.

The End of the Year

AT the close of each fiscal year it is necessary to close the books of the credit union. At the close of the first fiscal period the treasurer of Ember Employees Credit Union handled these closing entries in the following manner:

He opened his General Ledger to page one—the Cash account—and found no entry necessary in this account in closing. He went through the entire ledger page by page. No entry was necessary so far as the personal loans account was concerned and none in the share account. He found that the entrance fee account must be closed either to profit and loss or to the reserve fund, depending on the State law. In this case the law required that this account be closed directly to the reserve fund. He therefore turned to a new page in his Disbursement Journal and at the top of this page on the first line below the sub-headings he wrote the words *Closing Entries—December 31, 1936*. Then on the next line below in the *Name* column he wrote the words *Transferred from Entrance Fees to Reserve or Guaranty Fund*, and on the same line under the heading *Miscellaneous Item* and under the sub-heading *Debits* he entered an amount equal to the *Credit* balance in the *Entrance Fees* account. On the next line below in the *Name* column and slightly indented he wrote *To Reserve Fund Page 23 from Entrance Fees Page 79*, and on the same line under the heading *Miscellaneous Items* he entered the same amount (the credit balance shown in the entrance fees account) in the *Credit* column. Then turning again to the entrance fees account in the General Ledger he indicated the date (*December 31, 1936*) on the first blank line, and in the *Explanation* column the words *Transferred to Reserve Fund*, and in the *Page* column *C.D.2* and finally copied in the *Debit* column an amount equal to the existing *Credit* balance.

Having done this he drew a double red line immediately under the entry

he had just made. The entrance fees account had now been properly closed to the *Reserve or Guaranty Fund*. He therefore placed a check mark after the *Debit* entry he had just made in the Cash Disbursement Journal to indicate this item had been properly posted. Next he turned to page 93 in the General Ledger—headed *Reserve Fund*—and on the first blank line entered the date and in the *Explanation* column entered the words *From Entrance Fees Page 79* and in the *Page* column *C.D.2* and then posted from the *Credit* entry he had just made in the Cash Disbursement Journal, posted to the *Credit* column the amount of the entrance fees account, and carried the same figures over into the *Balance* column. The balance in the reserve fund should always be a *Credit* balance. He then placed a check mark by the side of the *Credit* entry in the Cash Disbursement Journal indicating this item had been properly posted to the reserve fund account.

Proceeding to thumb through the General Ledger he found the next account which must be closed out was *Interest* on page 99. Turning again to page 2 in the Cash Disbursement Journal on the next line but one below his last entry he wrote in the *Name* column *From Interest Page 99*, and in *Debit* column under the heading *Miscellaneous Items* entered an amount equal to the *Credit* balance shown in the interest account. On the next line, in the *Name* column but slightly indented he wrote *To Profit and Loss Page 189*, and on this same line, in the *Credit* column under the heading *Miscellaneous Items* he entered the same figures. Then he posted the *Debit* item to the *Debit* column of the interest account in the General Ledger, which closed out the balance in this account, and he therefore ruled a double red line under this entry. Next he transferred the *Credit* item to the *Credit* column of the profit and loss account and placed a check mark after both items in the Cash Disbursement Journal, indicating these items had been

SINCE all earnings had been transferred to the profit and loss account and also all expenses, and since the expenses had been subtracted from the earnings, the present *Credit* balance in the profit and loss account represented the net earnings of the credit union. The State law provided that at the close of the year 20 per cent of these net earnings must be transferred to the reserve or guaranty fund.

Therefore the treasurer turned again to page 2 of the Cash Disbursement Journal and skipping one line wrote in the *Name* column on the second blank line *From Profit and Loss Page 89* and in the *Debit* column under the heading *Miscellaneous Items*, he entered an amount equal to 20 per cent of the balance shown in the profit and loss account, and in the name column of the next line wrote *Transferred to Reserve Fund Page 93* and entered a like amount in the *Credit* column under the heading *Miscellaneous Items*. Next he carried the *Debit* item to the *Debit* column of the profit and loss account, and subtracting this amount from the *Credit* balance entered the difference as the new credit balance. Then turning to page 93 in the General Ledger, *Reserve Fund*, he entered the *Credit* item in the *Credit* column, and adding this to the credit balance entered the total of these two items as the new credit balance.

There now remained only the profit and loss account to be closed. The treasurer turned again to page 2 of the

Cash Disbursement Journal and on the second line below the last entry wrote in the *Name* column *From Profit and Loss Page 189* and since the profit and loss balance was a credit balance he entered the amount of that balance on the *Debit* side of the *Miscellaneous Items* column. On the next line in the *Name* column he wrote *To Undivided Earnings Page 95* and entered the same amount on the *Credit* side of the *Miscellaneous Items* account. Then he transferred the *Debit* item to the *Debit* side of the profit and loss account, which offset the credit balance and closed the account. He then ruled a double red line under this entry. Next he carried the *Credit* item to the *Credit* side of the undivided earnings account and showed the same figures in the *Balance* column as a credit balance.

His books having been properly closed he took off another trial balance to be sure all entries had been correctly posted. This completed the function of closing his books at the close of the year.

Helps for Speakers

Will you be asked to address a credit union annual meeting? Are you one of the increasing number of credit unionists, chapter and League

officers, who are appearing before credit union membership meetings in increasing numbers? These meetings are excellent opportunities to inspire, inform and stimulate members to use their credit unions more. It is important that credit union members should realize the part their credit union is playing in helping to win the war and how helpful their movement can be in helping to win the peace.

Perhaps in the past you have wished you had readily available material which would aid you in preparing or giving your talk.

CUNA Educational Services has prepared a loan packet containing the following for your assistance.

1. Sample talk.
2. Sample talk outline.
3. Brief suggestions regarding effective presentation.
4. Reference material.

Write the CUNA Educational Services, CUNA, Madison, Wisconsin, if you want to borrow the speakers' aid packet; free of charge for thirty days.

No Tax on Dividends

A bill that would place a 5 per cent tax on credit union dividends, figured on the individual dividend payments made to each member, has been amended to relieve credit unions of this burden. Nat C. Helman, general counsel for the Credit Union National Association, represented credit unions in Washington when the bill was pending and the bill was rewritten in committee.

New Credit Unions In October

Twenty-three new credit unions in the United States have been reported for October. By States: Arizona, 1; California, 1; District of Columbia, 1; Florida, 1; Illinois, 5; Indiana, 1; Louisiana, 2; Massachusetts, 2; Ohio, 2; Pennsylvania, 1; Texas, 6.

A net gain of 4 League affiliations was reported for the month.

Soldiers and Sailors

(Continued from page 267)

insurance stays in force as long as man is in service. When he is mustered out, he has two years to pay up back premiums. This applies to policies up to \$10,000 face value (formerly only \$5,000). Payment on premiums of service men's insurance policies is guaranteed at present by the Veterans Administration; dividends paid on policies are added to face value unless service man gets special permission from the Veteran's Administration to collect dividends.

Mortgages: If service man's income

is reduced to a point where he cannot meet payments on a mortgage, moratorium applies.

Lease: May be cancelled by man entering service without penalty. His dependents may not be evicted for 90 days, despite rent delinquency. (This applies only when monthly rent is \$80 or less.) A landlord who is so pinched by 90-day rent lapses that he cannot meet his own payments may seek relief in court, asking for postponement.

Charge accounts: Moratorium applies unless court rules that service man is able to pay.

After the war: When the service man is discharged and returns to civilian life, he may go to court and obtain an order spacing out payments on the old obligations that then fall due. He may do this while still in military service or up to 6 months after his discharge.



For Educational Committees

Packets of educational material that credit unions have found to be productive can be borrowed from CUNA Educational Services. Credit unions that are just starting educational programs or looking for ideas for the educational programs they already have, should write in for this material.

Here are some comments by credit unions that have used it:


"In my opinion this packet is just about tops for use by an educational committee or anyone interested in credit union work, and I want to congratulate you on the manner in which it was assembled." (Louisville Railway Employees Credit Union, Louisville, Kentucky.)

"We find the material contained in your package very interesting and helpful and undoubtedly gives us a basis upon which to formulate part of our educational program." (Delphic Credit Union, Montreal, Quebec.)

"Thank you very much for your loan of the educational material packet. The publicity and education committee gained quite a lot going through it." (Cudahy Brothers Credit Union, Cudahy, Wisconsin.)

"This kit has helped this committee very much in its educational program. Every credit union educational committee should have this kit for at least a month or more." (Huntingtonized Federal Credit Union, Huntington, West Virginia.)

You may borrow a kit for one month without charge by writing to CUNA Educational Services, Madison, Wisconsin.



The low expense ratio under which Employers Mutual operates is a credit to its management. This economy creates profit, and the profits go to policyholders in the form of dividends—always credited as automobile insurance cost-savings. Your interest invited.

Employers Mutual

LIABILITY INSURANCE COMPANY OF WISCONSIN
HOME OFFICE: WAUSAU, WISCONSIN
 Offices in Principal Cities of the United States
 Consult Your Local Telephone Directory

Is Labor Doing Its Bit?

(Continued from page 270)

I would say to him:

There is no way of measuring the value of another guy's life, and every war produces one basic inequity; some men fight and some men die, others remain at home and survive. But the stories about wages in wartime aren't narrowed to this issue. The stories and the whispers say that war workers are profiteering while men die at the front.

But this fact should be posted on a billboard: by Secretary of Labor Frances Perkins, average weekly earnings in all manufacturing industries were \$38.52 a week in July. Workers in durable-goods industries average \$44.61 a week, but non-durable goods employees were getting only \$28.61 for the same period.

Sixteen million workers in the United States still earn less than \$16 a week—despite the war boom.

The steel workers who asked for a \$1-a-day increase (and settled for less than half of it) had an average annual income last year of \$1,926. That amounted to \$37 a week to support wives and kids, meet rising living costs, pay back debts.

MOREOVER, there are thousands of men in the armed forces whose future wage level hinges on the ability of unions to protect living standards now. It is an open secret that some employers have combatted wage increases in recent months because of their post-war fears, not because of current poverty. For the duration the government meets a major part of labor costs; but the steel companies don't want to pay higher wage bills later. You can make the same point about a host of enterprises. Within the limits of war economy we are setting the pattern under which returning soldiers will live.

All this doesn't deny that some workers are getting a windfall. The story you heard about a carpenter or a plumber may be true. But the bulk of the men in overalls are fighting to keep pace with higher food prices and other essential commodities; the national statistics prove it.

Now, under the new economic stabilization program, unions have accepted unprecedented restrictions on collective bargaining. Even wage-increases provided for automatically in union contracts are out the window unless approved by the War Labor Board. At the same time the new \$25,000 ceilings on earnings will not affect anybody whose revenue comes out of investments; meaning that most

wealthy Americans will not be hit hard until a progressive tax bill is written. Why pick on the plumber?

The sharpest opposition to wage increases for labor and the tallest stories about labor profiteering have been promoted by commentators who holstered bloody murder about the \$25,000 limitation.

The little business man said:

"Well, I've got plenty of headaches and now the union in my place comes around and wants to set up what they call a labor-management committee. I'm against it. The workers don't know a damn thing about management's job, but they want to tell me how to run the business. Did any of these fellows ever meet a pay roll?"

I would say to him:

I don't know whether any of them ever met a pay roll. Labor-management committees should be judged on their records. All the returns aren't in but we have some pretty instructive findings. The first plants to win Navy E pennants for outstanding production were the RCA plant in Camden, Vultee Aircraft, the Doehler Company, Carnegie-Illinois. Labor management production committees were functioning in all of these plants.

Mill and Factory, a conservative trade magazine, conducted a survey last summer to find out whether labor management committees were working. The inquiry was addressed to management in plants where the committees had been set up. "Seventy-four per cent of the employers said that labor to date has used these committees in a sincere effort to increase production," the survey reported.

"The great majority of the concerns establishing these committees report good or improved labor-management relations. Only two firms reported impaired labor-management relations."

In scores of areas owners of little businesses who have played ball with unions can testify that the unions have given them major help in obtaining war business. Union leaders have led delegations to Washington to break the little business bottleneck.

This isn't wide-eyed altruism; union members were idle or working half time in small plants whose facilities were not being tapped. The important thing is that the unions gave increased strength to the small employer who didn't believe he had any friends left.

The Steel Workers Union saved scores of small steel companies through such an alliance. The Rubber Workers, the United Electrical and Radio Workers and the Auto Workers have carried on similar campaigns.

Labor management committees have worked when they were genuinely tried—employers were ready to con-

fer, not merely go through the motions.

The newspaper syndicate man said:

"The labor skates always denounce the capitalist press when it prints a column by Pegler. But that's because Pegler has the goods on them. He's exposed their prison records, and the big shots in labor don't do anything about it except scream at Pegler."

I would say to him:

As far as I have been able to check, most of Pegler's case-histories are true; there are graduates of Elmira in the labor movement and labor has frequently let the district attorneys clean its house.

CIO (being younger and representing an insurgent movement) is pretty free of the racketeer plague and most of Pegler's characters wear AFL buttons (AFL is 62). But the accusations remain; they challenge all labor.

WHAT also remains is the fact that Pegler has cited a handful of men—about 20 or 25—in a movement made up of hundreds of thousands of men; he has repeated the same stories at brief intervals; and has pointed the same righteous finger.

Labor is guilty of inertia and complacency and—in some instances—timidity in dealing with the shady characters who have penetrated its ranks. Its guilt is equivalent to that of American business men who held hands with Richard Whitney. We didn't decide to abolish capitalism when Whitney went to jail.

I think the only ultimate answer is that U. S. labor leaders are a reasonable representation of American life. Some are hard-headed, others idealistic, some are moderately close to the angels and others have played it free-and-easy. There are laws to deal with corruption, as George Scalise and others have learned. It seems to me labor leaders ought to get the same break we give other Americans—they are innocent until proved guilty.

I don't mean anybody ought to cover up for racketeers in labor posts. I mean that George Scalise isn't the whole club.

The soldier said:

"What about all those high initiation fees? Aren't unions keeping men out of work by charging so much dough?"

I would say to him:

The most informative survey on this point was made by Freedom House's bureau of industrial relations. It was based on a canvass of 13 leading unions affecting crucial areas of U. S. war work. These are highlights of the report:

"In summary, the bureau survey of 13 leading unions shows that initia-

Christmas Coming Up!



Annual Meeting Coming Up!

YOUR annual meeting will not be complete without the use of our Annual Meeting Charts. They consist of 4 charts, each 36 by 48 inches. The charts, when completed, show in huge letters 1. your financial statement, 2. the progress of your credit union, 3. your operating expenses for the year, 4. your operations statement. Each set of charts includes enough gummed numerals to make the charts and a 250-inch roll orange tape for bar graphs. The charts are easy to make and are of great service at annual meetings to give your members an Easy-to-Read story of your credit union. They cost \$1.25 per set and kit delivered.

Last year over 1,000 credit unions used these charts and enthused over them.

We have 200 of them in stock. After these are gone, no more will be available for the duration. First come, first served. \$1.25 delivered.

And for Christmas—

A swell present?—A copy of *The War and After* by Bergengren and Doig. Copies to all your directors and committee members will constitute a most timely and valuable Christmas present. *Already over 1,100 sales.* Price, 50 cents per copy delivered.

Another fine Christmas present. The CUNA Small Change Bank. Four inches square, made of durable tenite, it registers the change of date each day by the insertion of a nickel, dime or quarter. Splendid for Christmas savings, War Bond purchase savings, etc. We have sold 50,000 of them to satisfied credit union users. Price, \$1.00 delivered. Just the Christmas present for your friends. One way to start Johnny saving!

CUNA SUPPLY COOPERATIVE
MADISON, WISCONSIN

tion fees range from \$2 to \$50, averaging about \$10. Monthly membership dues average less than \$2. For these payments, at least seven of the unions provide certain monetary benefits in cases of death, sickness, or unemployment. The six AFL unions average higher payments than the seven CIO affiliates, but membership benefits in these unions are correspondingly higher.

"A few glaring examples of exceedingly high fees in the building and printing trades unions have blinded the public to the fact that ordinarily union membership costs the worker relatively little. In most cases when initiation fees are more than \$10 the burden should rest with the unions to prove the logical necessity of such fees.

"Viewed by the light of these standards, the Bureau of Industrial Relations finds that the American labor movement, speaking generally, imposes no financial hardships upon its members."

The auto executive said:

"The unions talk a good deal about democracy, but many of them discriminate against Negroes."

I COULD reply by saying that discrimination practiced by employers is far more widespread; that discrimination by unions is restricted to a small minority of old-line labor bodies, and that some progress has been made in eliminating it. But the war has made this issue too urgent for us to tolerate race bias on any scale.

Discrimination against Negroes in unions must stop, and I intend to keep saying so at the risk of being quoted by people who hate unions more than they love Negroes.

The little business man said:

"Look at the little dictators who run some of the unions. The members don't have anything to say about what goes on; they're just told. Look at Petrillo—he tells them to stop making recordings and they have to stop."

I would say to him:

Brother Petrillo is no believer in Town Hall democracy; there are others like him who run unions. How do the union bosses survive? Is it all done with blackjacks and tommy-guns? Would the musicians all run Petrillo out of town if they had a chance?

I haven't taken any private Gallup polls, but I have talked to scores of workers in dictator-ridden unions. For every leader retained out of fear, there is at least one leader who maintains his rule because he gets results. Petrillo has made a public spectacle of himself on numerous occasions, and he has done all right personally in a

financial way—but he hasn't ignored the interests of rank-and-file musicians. He has, in a blundering, bellicose way, battled for what he and they regard as their interests.

The union dictators will be pushed out only when rival leaders show equal ability to protect the economic status of the union membership through more democratic methods. And a prime condition of democracy in unions is the extension of industrial democracy—recognition of employers that unions are here to stay.

Those are some of my second-thought answers to questions you hear in a club car. I haven't listed all the questions and I don't know all the answers. But when the subject comes up again and I have given these answers, I would add this much as a peroration:

LOOK, unions aren't little models of a future Utopia. Their leaders are sometimes corrupt, their policies may sometimes appear short-sighted (such as when they oppose the introduction of labor-saving devices); they aren't all tidy democracies in which the majority rules; they develop vested interests; they are institutions and business as well as fraternities.

The basic issue is whether you believe, as I do, that their existence is vital to democracy, that they perform positive social and economic functions, that without them groups representing much smaller segments of the population—as the NAM does—would be freer to impose their will on our society.

We can believe this without ignoring labor's failures or whitewashing unionism-as-usual. We can believe that unions are an essential part of American life, and resist attempts to put them out of the way. We must be willing to sift the charges hurled against them by people who believe (as the fascists do) that we can live better without them.

We swiftly forget the degree to which unions have instilled new vitality and strength into our democratic structures. I covered the organization of the Ford Motor Co., saw the fear and frustration of Ford workers in the months before the union finally won recognition, heard them whisper about the Ford secret police, listened to their laments of insecurity.

Then I watched them parade through the streets of Dearborn, wearing union buttons and singing union songs. They had acquired dignity and hope. And when they had won their freedom at Ford, I think they glimpsed more clearly why it would be worth fighting a world war against fascism.



"See better now, boss?"

That's Steve's proud little way of calling attention to our windows that he keeps so shiny and clean . . . which reminds us that perhaps our wartime policies have been a little hazy, too, so we'll try to put a better light on things.

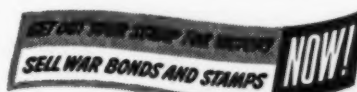
National's "products" now are precision instruments and other war matériel. . . . And that, of course, is as you would want it. So, naturally, new National Accounting-Bookkeeping Machines are few and far between for our customers unless they have priorities.

However, "National Services" can accomplish much for you.

To help you get "maximum work capacity" from your present National equipment, our representatives are available at your call. They know many short cuts, new methods and systems, and perhaps can even suggest additional applications for mechanization on your National.

And because your National equipment is invaluable to efficiency, man-hours and accuracy, it's our obligation to "keep it running" at maximum production and minimum cost. For this, our factory-trained mechanics are at your service.

See better now, boss? Give us a phone call if you need help. . . . It's for *your* benefit that our representatives of these "National Services" are on the job day in and day out.



The National Cash Register Company
DAYTON, OHIO

A Good Christmas to You!

By Roy F. Bergengren

I'M not saying "Merry Christmas" because I know from my own case that it isn't going to be easy to be "merry" this Christmas. We'll save that for the first Christmas after the boys come home, when the whole world can again garland itself in Christmas lights and the period of darkness will be no more.

I say instead a "good Christmas." Let's make it good by not permitting any worry to creep in. Worry doesn't win wars. *Worry doesn't help our men at the various fronts.* They don't want us to worry; they want us to think about them and they will think about us and—some place in between—their love for us and our love for them will meet and exchange greetings and we'll all know that oceans and wars cannot separate us.

I knew a man once whose wife was in the process at what we used to call in New England "cleaning house." She got to the point where she wanted a picture hung and her husband came in and climbed up on a one-step step-ladder to hang the picture. He was in his own front room, less than two feet from the floor. His foot slipped and he fell and broke his neck and he completely died!

Let's appreciate that this is one of those wars where we are all taking risks and let's not worry too much about our fighting men who on the land and in the air and on the sea and under the sea are taking risks, as their ancestors did—that America may remain free.

It's a good Christmas that these boys of ours are worthy sons of worthy sires. They are great kids. It's good that American boys are such splendid men. It's a good Christmas because, in the short span of a year, Uncle Sam has his sleeves up and the wherewithal with which to win this war is being forged all over the land. It is a good Christmas that we are no longer fighting a defensive war; we have the ball and we are carrying the ball towards the goal line which is spelled "Victory." *It is a good Christmas because there's more than a fighting chance that another Christmas will see the war over.*

It's a good Christmas because Right is going to win this war and we are fighting on the side of Right.

So send a prayer this Christmas day to all the boys on land and sea



who fight for us. Take a walk in the woods and when you get far enough in so that your actions will not be misunderstood raise a long, loud cheer for them. *Be sure that your love will travel to them—without stamps—because they know you love them and they know that all this good Christmas you will have them with you in your hearts.*

Do you know—from much traveling about I have reached the conclusion that there is only one thing we need these war days. *You and I and all of us must appreciate that this war is an abnormal interruption of our way of life.* This war is temporary. It will pass. At each day's end the end of the war is a day closer. So we'll fight together for Democracy and hang on to our credit unions, our symbols of democracy, come what may—high winds or low, Hitler, Hell or Highwater.

For they'll come back, and when they do and Ex-Corporal Jimmy Smith, after shaking your good right hand, tells you that he is depending on the credit union to help him get started in civilian life—what are you going to say? Will you say; "Sorry, Jim, but we folded up because we couldn't keep paying those high dividends and we didn't think enough of our credit union to save it." Or will you say; "Your credit union, Jimmy, is doing business at the old stand.

You made it. We made it. And you're welcome back to its good service."

What's this all got to do with income taxes, the subject that is beginning to look so big? Not much—but something! Income taxes are like tank battles and forced marches and air-raids and charges across shell-swept fields of battle; like War Bonds and production lines and big ships produced in ten days and sweat and toil that fighting men may have the tools of their trade; *income taxes are a part of the equipment of war.*

Therefore the bigger your tax—the better you feel because the more sacrifice you are making and the more you are helping on to victory. Besides war income taxes are as temporary as war. We must just pay 'em, big as they come, right on the line. The next issue will carry a summary showing what they will amount to. There will be deductions for this and that, and we'll have the whole business out to you in very simple form long before March.

AND almost every credit union is bulging with money so you have a place to go for help if you need it. That also will be detailed to you later. Belonging to a credit union you have nothing to fear.

One word of caution. *It's no use for us to buy War Bonds and then cash them in at the first emergency. Hang onto those War Bonds the way you'd hang onto a life raft if it was your only visible means of support in the middle of the ocean.* You do not help your country by cashing in your War Bonds. You do a disservice to your country. Uncle Sam has got a war to fight; he can't bother to pay out good money needed for tanks and planes and guns and ships to redeem the War Bonds you bought to pay for the tanks and planes and guns and ships.

*Hang onto your War Bonds!
Use your credit union!*

Watch out for some material we'll be getting out to help you and when you figure out your income tax sign it with a prayer of thanksgiving:

"Thank thee, oh God, that I can pay my share to win this war for Right!"

To all at home—"A Good Christmas!"

To all credit union members in the armed forces—"A Good Christmas—Thanks—God be with you and we'll meet again!"

Commercial Loan Rates

Finance companies obtain lower rates on commercial loans than any other borrowers, according to a report last month by the Federal Reserve

Board. The Board found a wide variation in the price paid for bank loans by various types of borrowers, although there is little money loaned at less than 1 per cent per annum or more than 6 per cent.

CREDIT UNION APPLICATION FOR LOAN

Book No. _____ 19__

I hereby apply for a loan of 150.00 dollars, for a period of _____ dollars each.

To be repaid in _____ weekly installments of _____ dollars.

I desire this loan for the following purpose or purposes: pay old bills

Names of co-makers _____

Security _____

I am not indebted to any other credit union, bank or loan agency either as maker or endorser, except as set out on the reverse side hereof. The statements herein are made for the purpose of obtaining the loan, and are true to the best of my knowledge and belief.

Signature of Applicant John Doe

19__ we approved the within loan for \$ _____

Is all your money out on loan?

**The need for loans has been cut down,
but maybe you're missing some bets!**

HERE are some loans that serve a patriotic purpose: medical, education, home remodeling for defense areas, dental, settling charge accounts, refinancing old loans contracted for at high rates.

And if one reason why your money isn't loaned out is that your members don't like to ask for co-makers—then maybe you need Loan Protection Insurance.

Loan Protection is the best protection you can give to co-makers in your credit union. If the borrower dies, the loan is paid by CUNA Mutual Insurance Society. The co-makers, the widow, the estate are in the clear. Many of your members, now reluctant to act as co-makers, will be glad to sign when they know they are protected in this way.

Write today for our free leaflet on Loan Protection.

**There is No
War Clause in
our contracts!**

CUNA MUTUAL INSURANCE SOCIETY
Madison, Wisconsin

Now Ready—

1943 CREDIT UNION CALENDAR

Each month is a credit union poster in brilliant colors—10½ by 14.

Each month is a different poster, so that as you remove a page at the end of each month you have a clean different new poster for the next month. These twelve posters are arranged seasonally to indicate new and seasonal credit union services each month.

These posters usually sell for 5 cents each. The calendar—12 different posters and the monthly calendar—sells for 50 cents delivered.

You should buy as many calendars as you need for your credit union office. You should buy one or more for home use.

AND POCKET CALENDARS

Convenient for pocket or wallet, containing a calendar on one side and a 3-inch rule and effective advertisement for your credit union on the other. For free distribution to your members—an advertisement that works for 12 months. Durable stock. Price—\$1.50 per hundred, delivered.

No discounts on either item. Here's a suggestion—for \$5.00: four of the big office calendars and 200 of the pocket calendars for membership distribution.

1943 is coming!

**Now's the time to
advertise!**

CUNA SUPPLY COOPERATIVE
Madison, Wisconsin

Don't Forget!

TO ATTEND THE
**ANNUAL
MEMBERSHIP
MEETING OF YOUR
CREDIT UNION**



WHEN _____
WHERE _____

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